

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

March 14, 2011

Chief Investment Officer's

Consolidated Investment Activity Report

(January 2011 Reporting Period)

CalPERS Asset Allocation – January 31, 2011

General Market Commentary

Assumptions that 2011 would start off strong came to fruition in January. It seems the general consumer confidence is at an all time high in recent memories. With this confidence, came rises in inflation, which was 0.4% higher than the anticipated 0.3%. The year over year increase in consumer price index was slightly higher in January at +1.6% compared to December which was +1.5%. Amid these rising prices, unemployment still continues to linger and unable to dip below 9%. These factors are cause for some concern but overall sentiment seems to be that the U.S. economy is primed for some growth and expansion in the next coming months.

Domestic and International Equities

The S&P 500 index return was up for the month at 2.4%. Small-cap stocks, as measured by the Wilshire Small Cap Index, were slightly up at 0.7% for the month. Large-cap growth and value stocks were up in January and returned 2.6% for growth and 2.0% for value (as measured by the Wilshire Large Growth and Value). International equities were up as well, with the MSCI EAFE up 2.4% in dollar terms and (1.6% in local currency). Emerging markets were down at -2.7% in dollar terms (as measured by the MSCI EM Index) during the month.

Domestic and International Fixed Income

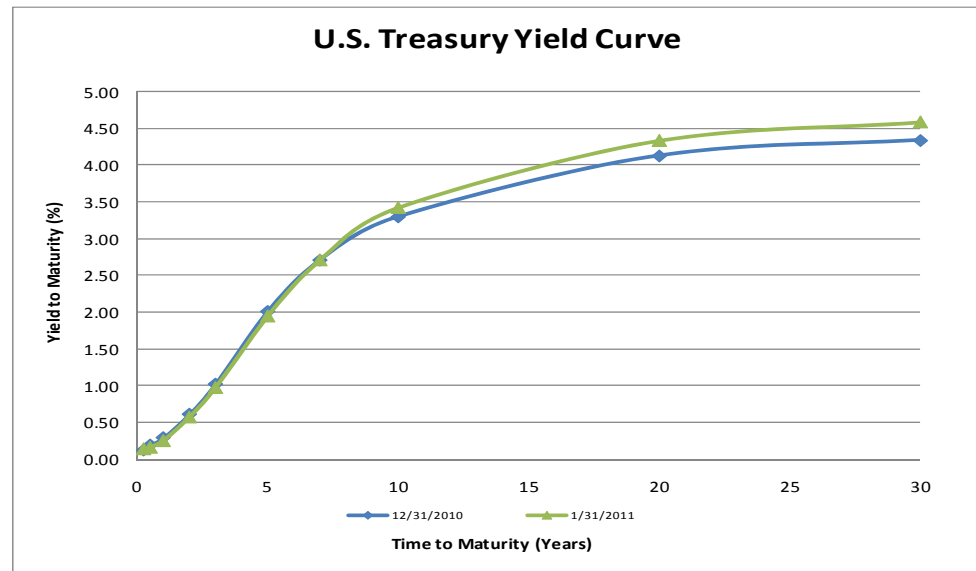
The Barclays Capital Aggregate Bond Index returned 0.1% for January, slightly behind US Treasury return of 0.3% (as measured by BC Intermediate Treasury Index). The BC Long Term Treasury Index returned -2.2% despite yields on 30-year Treasury bonds being up from the previous month. U.S. TIPS returned 0.2% (BC U.S. TIPS Index) during January. The high yield bond market returned 2.1% during the month, as measured by the Merrill Lynch High Yield Master II Index. International fixed income markets returned -0.0% while the dollar was down against the euro and pound but up against the yen as measured by the Citigroup World Government Bond Index ex US (unhedged).

Real Estate

Public real estate (as measured by the Wilshire US RESI Index) was positive with a return of 3.5% in January. The NCREIF Index of Real Estate Properties returned 4.6% for the quarter ended December 2010.

Absolute Return Strategies

Absolute Return Strategies (HFRI Fund to Funds Index) returned 0.03% in January and 3.1% for the 12 months ended January 2011.



MARKET INDICATORS	12/31/2010	Direction	12/31/2010	Direction	1/31/2011
1Month LIBOR (fixed in \$)	0.81%	-	0.81%	↑	0.87%
Federal Funds	0.00% -0.25%	-	0.00% -0.25%	-	0.00% -0.25%
10Y Treasury Note Yield	3.30%	-	3.30%	↑	3.42%
30Y Treasury Bond Yield	4.34%	-	4.34%	↑	4.58%
Wilshire 5000 Comp	13,290.00	-	13,290.00	↑	13,544.80
S&P 500	1,257.64	-	1,257.64	↑	1,286.12
NASDAQ Composite	2,652.87	-	2,652.87	↑	2,700.08
FTSE 100 Index	5,899.90	-	5,899.90	↓	5,862.90
Nikkei 225 Index	10,228.92	-	10,228.92	↑	10,237.92
Yen/\$ (Dollar Strength)	81.11	-	81.11	↑	81.93
Euro/\$ (Dollar Strength)	0.745	-	0.745	↓	0.729
GBP/\$ (Dollar Strength)	0.639	-	0.639	↓	0.624
Crude Oil per Barrel	\$89.84	-	\$ 89.84	↑	\$92.19
Gold (\$/oz Daily Spot)	\$1,405.50	-	\$1,405.50	↓	\$1,327.00
GS Commodities TR Index	4,943.41	-	4,943.41	↑	5,094.28

CalPERS Asset Allocation – January 31, 2011

Summary

- Total Fund Market Value was \$227.9 Billion
- Total Fund Book Value was \$199.4 Billion
- As of January 31, 2011, all asset classes were within their Strategic Target Policy Ranges.

Book to Market Value Comparison

	Book Value ² (\$ Billion)	Market Value ³ (\$ Billion)	Difference (Market – Book) (\$ Billion)
Domestic Equity ¹	\$38.7	\$56.5	\$17.8
International Equity	\$56.8	\$63.7	\$6.9
Global Equity	\$95.5	\$120.3	\$24.8
Domestic Fixed Income	\$33.8	\$44.1	\$10.3
International Fixed Income	\$3.2	\$3.4	\$0.2
Global Fixed Income	\$37.1	\$47.5	\$10.4
AIM	\$33.3	\$32.2	\$-1.1
Real Estate	\$22.5	\$16.6	\$-6.0
Inflation Linked	\$6.3	\$6.8	\$0.6
Cash Equivalents	\$4.7	\$4.5	\$-0.2
Total Fund	\$199.4	\$227.9	\$28.5

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=\$239.3 million, Total Market Value=\$247.7 million.

² Total value of assets at cost minus liabilities.

³ Total value of assets at market.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Top 20 Company Holdings

Global Equity & Global Fixed Income ²

Market Values as of 1/31/2011 ¹

		Global Equity ³			Global Fixed ⁴ Income	Total	
	Company Name	Internally Managed	Externally Managed	Total Equity	Total Fixed Income	Market Value	% of Total Fund
1	EXXON MOBIL CORP	\$1007.5	\$151.2	\$1158.8	\$0.0	\$1158.8	0.51%
2	GENERAL ELECTRIC CO	\$498.6	\$79.1	\$577.8	\$421.5	\$999.2	0.44%
3	APPLE INC	\$696.5	\$140.7	\$837.2	\$0.0	\$837.2	0.37%
4	BANK OF AMERICA CORP	\$318.5	\$61.2	\$379.7	\$351.7	\$731.4	0.32%
5	JPMORGAN CHASE & CO	\$419.6	\$73.1	\$492.8	\$218.1	\$710.9	0.31%
6	CITIGROUP INC	\$317.7	\$49.4	\$367.1	\$337.3	\$704.4	0.31%
7	MICROSOFT CORP	\$585.6	\$108.6	\$694.1	\$0.0	\$694.1	0.30%
8	WELLS FARGO & CO	\$396.9	\$67.7	\$464.6	\$216.3	\$680.8	0.30%
9	AT&T INC	\$414.2	\$54.4	\$468.6	\$188.8	\$657.5	0.29%
10	NESTLE SA REG	\$478.5	\$107.1	\$585.6	\$0.0	\$585.6	0.26%
11	CHEVRON CORP	\$467.7	\$68.8	\$536.5	\$0.0	\$536.5	0.24%
12	HSBC HOLDINGS PLC	\$487.2	\$41.8	\$529.0	\$0.0	\$529.0	0.23%
13	INTL BUSINESS MACHINES CORP	\$475.0	\$53.1	\$528.2	\$0.0	\$528.2	0.23%
14	WAL MART STORES INC	\$390.8	\$26.9	\$417.7	\$96.5	\$514.2	0.23%
15	GOLDMAN SACHS GROUP INC	\$193.9	\$53.1	\$247.0	\$238.6	\$485.6	0.21%
16	PROCTER & GAMBLE CO	\$417.0	\$60.4	\$477.4	\$0.0	\$477.4	0.21%
17	VERIZON COMMUNICATIONS INC	\$250.0	\$24.0	\$274.0	\$197.2	\$471.3	0.21%
18	VODAFONE GROUP PLC	\$375.8	\$78.5	\$454.3	\$0.0	\$454.3	0.20%
19	PFIZER INC	\$330.3	\$55.7	\$386.0	\$67.4	\$453.4	0.20%
20	BP PLC	\$372.0	\$73.4	\$445.4	\$0.0	\$445.4	0.20%

¹ In millions

² Only includes Global Equity & Fixed Income assets custodied with master custodian

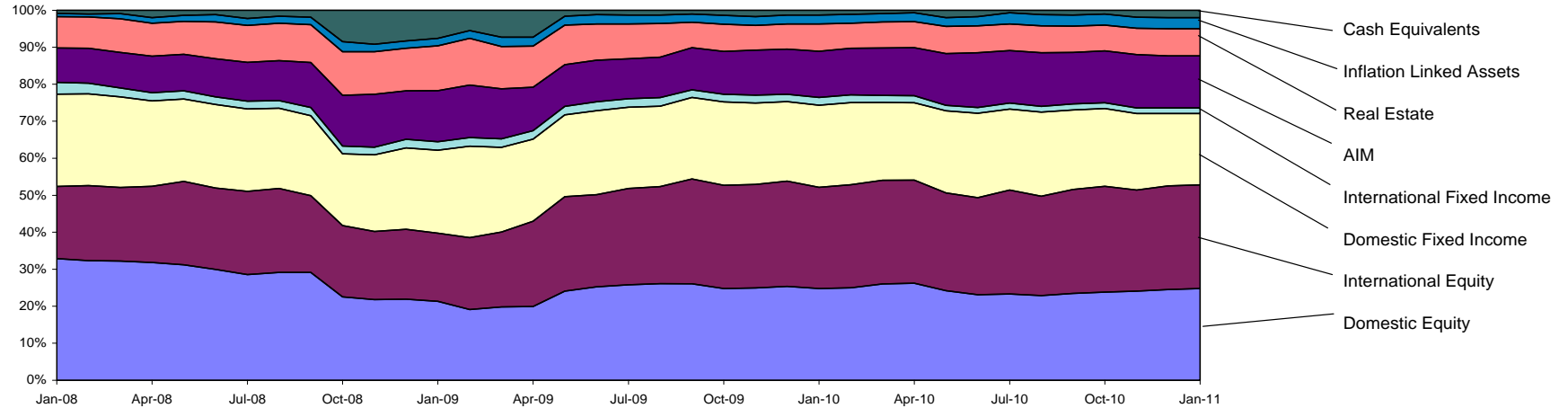
³ Source for Global Equity values: State Street Bank

⁴ Source for Global Fixed Income values: Blackrock Solutions

CalPERS

Asset Allocation as of January 31, 2011

Total Fund Market Value: **\$227,912,276,695**



	Global Equity ²	Domestic Equity ²	International Equity ²	Global Fixed	Domestic Fixed	International Fixed ³	AIM	Real Estate	Inflation Linked	Cash Equivalents ²	Total Fund
Strategic Target Range %	44-54%			15-25%			9-19%	5-15%	2-5%	0-5%	
Strategic Target %	49.0%	24.5%	24.5%	20.0%	18.0%	2.0%	14.0%	10.0%	5.0%	2.0%	N/A
Actual Investment %	52.8%	24.8%	28.0%	20.8%	19.3%	1.5%	14.1%	7.3%	3.0%	2.0%	N/A
Variance % (Strategic vs. Actual)	3.8%	0.3%	3.5%	0.8%	1.3%	(0.5%)	0.1%	(2.7%)	(2.0%)	(0.0%)	N/A
Strategic Target \$ ¹	\$111.7	\$55.8	\$55.8	\$45.6	\$41.0	\$4.6	\$31.9	\$22.8	\$11.4	\$4.6	\$227.9
Actual Investment \$ ¹	\$120.3	\$56.5	\$63.7	\$47.5	\$44.1	\$3.4	\$32.2	\$16.6	\$6.8	\$4.5	\$227.9
Variance \$(Strategic vs. Actual) ¹	\$8.6	\$0.7	\$7.9	\$1.9	\$3.1	(\$1.2)	\$0.3	(\$6.2)	(\$4.6)	(\$0.0)	N/A
% Passive	68.0%	67.5%	68.4%	0.0%	0.0%	0.0%	0.0%	7.5%	0.0%	0.0%	35.9%
% Active	32.0%	32.5%	31.6%	100.0%	100.0%	100.0%	100.0%	92.5%	100.0%	100.0%	64.1%
% Internal	77.1%	78.6%	75.7%	90.0%	96.8%	0.0%	0.0%	7.5%	58.7%	100.0%	63.7%
% External	22.9%	21.4%	24.3%	10.0%	3.2%	100.0%	100.0%	92.5%	41.3%	0.0%	36.3%

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

* When summing amounts on this report, there may be breakage.

* MDP Venture accounts included in MDP's primary asset class. MDP Fixed and CalPERS Hedge Fund roll to External Domestic Equity.

¹ (\$ Billion)

² Equity overlay funds are included in International Equity, currency overlay funds are included in Cash and the Global Equity Cash Account is included in Domestic Equity and Domestic Fixed Income Transition Account is included in Domestic Fixed Income

³ Closed fund SWEW is included in International Fixed Income but not in the performance figures

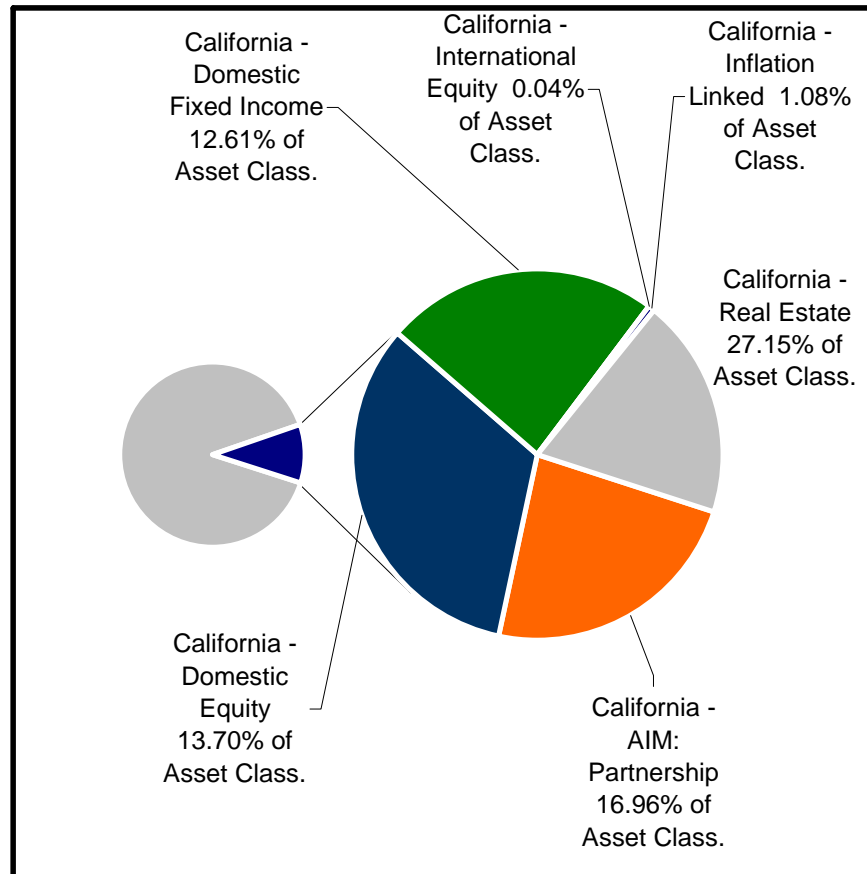
Private Market Commitment as of January 31, 2011							
AIM				Real Estate			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$32.22	14.14%	9-19%	Fair Market Value (FMV)	\$16.59	7.28%	5-15%
Unfunded Commitment	<u>\$16.21</u>	<u>7.11%</u>		Unfunded Commitment (as of 11/30/10)	<u>\$6.53</u>	<u>2.86%</u>	
Fair Market Value plus Unfunded Commitment	\$48.43	21.25%		Fair Market Value plus Unfunded Commitment	\$23.12	10.14%	
Infrastructure				Forestland			
Funded	\$(in Billions)	% Allocation	Target Range	Funded	\$(in Billions)	% Allocation	Target Range
Fair Market Value (FMV)	\$4.5	0.20%	0-3%	Fair Market Value (FMV)	\$2.37	1.04%	0-2%
Unfunded Commitment	<u>\$4.3</u>	<u>0.19%</u>		Unfunded Commitment	<u>\$0.1</u>	<u>0.01%</u>	
Fair Market Value plus Unfunded Commitment	\$8.8	0.39%		Fair Market Value plus Unfunded Commitment	\$2.38	1.05%	

CalPERS Investments in the State of California – January 31, 2011

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

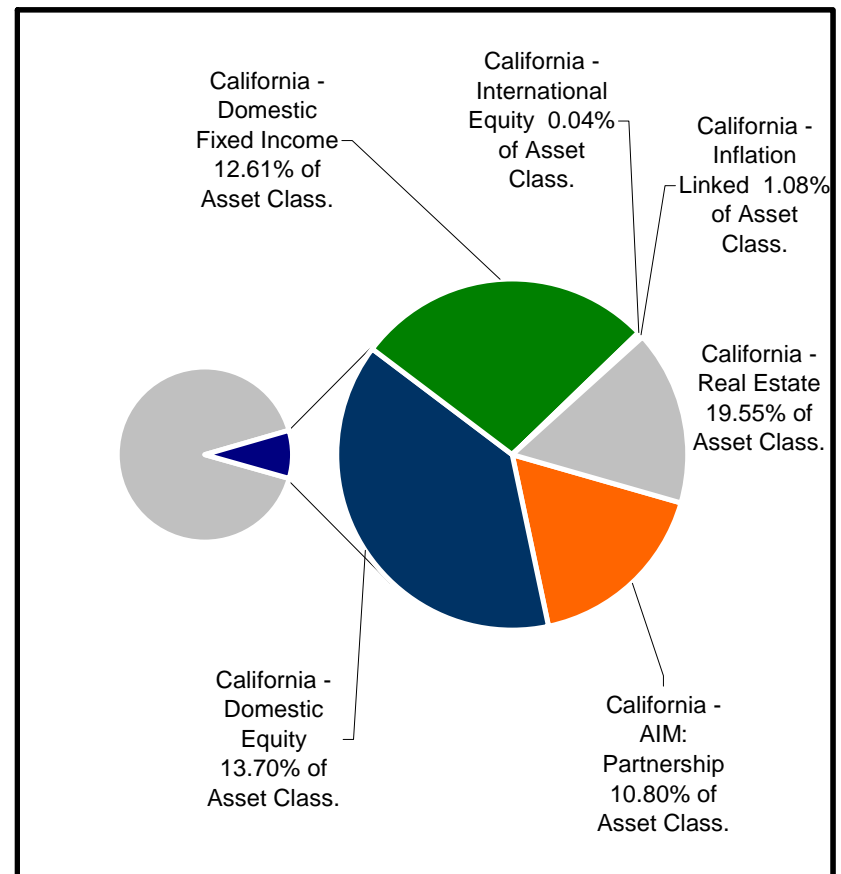
California Investments plus Additional Commitments

Current California Commitments at 1/31/2011 Total Fund %: 10.25%



California Investments

Current California Investments at 1/31/2011 Total Fund %: 8.83%

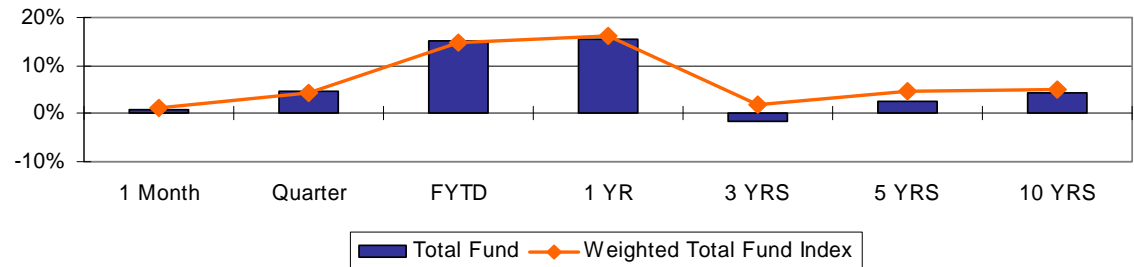


Note: International Equity includes Global Funds that may invest globally, which would include investments in the State of California.

Performance Summary – January 31, 2011

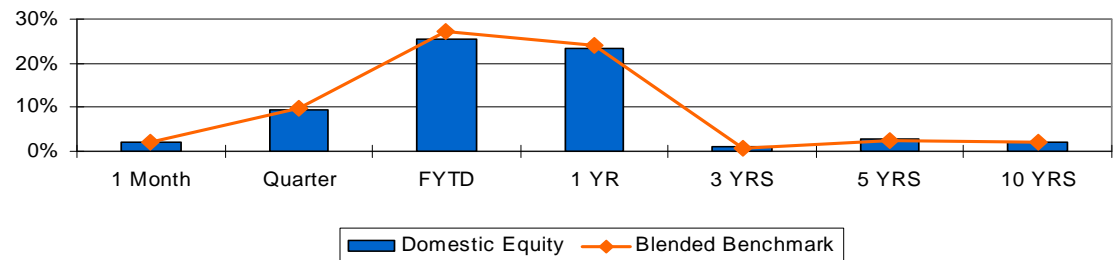
Total Plan:

Net Total Fund returns have underperformed the actual Weighted Total Fund Index in all time periods except the one-quarter and fiscal-year-to-date periods. Ten-year net returns were 4.17% versus 4.99% for the Actual Weighted Index.



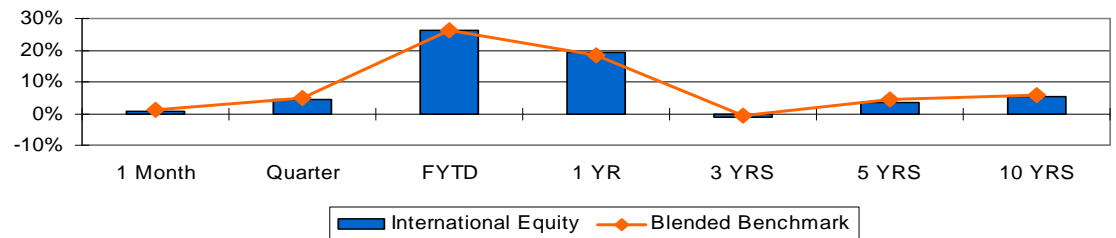
Domestic Equity:

Net Domestic Equity returns have underperformed the blended benchmark in all time periods except the three-year, five-year and ten-year periods. Ten-year net returns were 2.24% versus 2.03% for the blended benchmark.



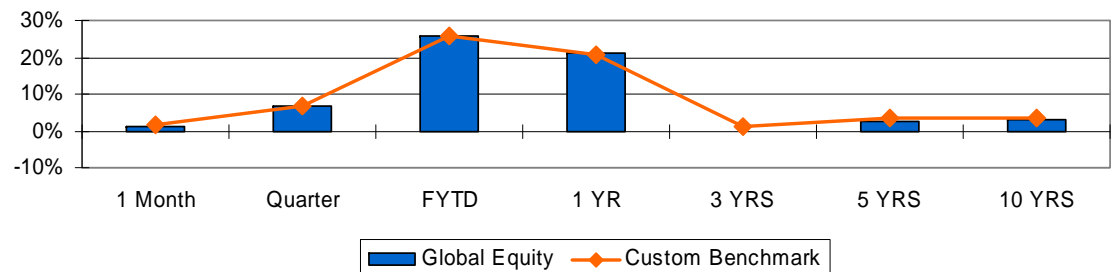
International Equity:

Net International Equity returns have underperformed the blended benchmark in all time periods except the one-year period. Ten-year net returns were 5.50% versus 5.76% for the blended benchmark.



Global Equity:

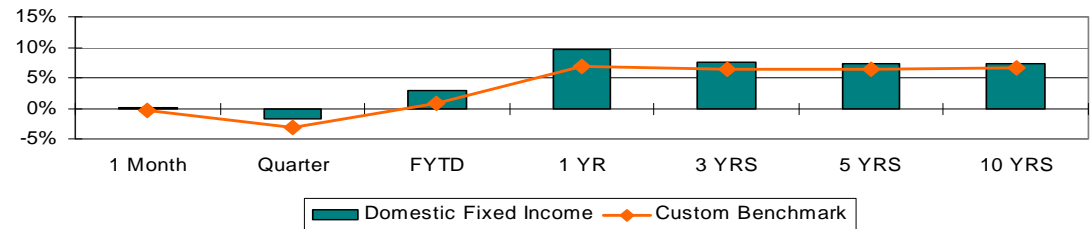
Net Total Global Equity returns have underperformed the benchmark in all time periods except the one-quarter and one-year periods. Ten-year net returns were 3.24% versus 3.48% for the blended benchmark.



Performance Summary – January 31, 2011

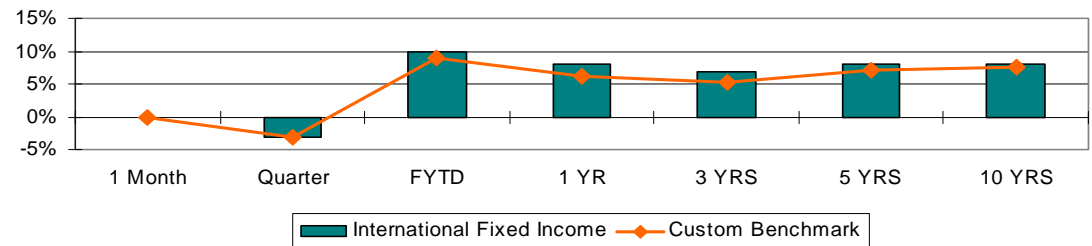
Domestic Fixed Income:

Net Domestic Fixed Income returns have outperformed the benchmark in all time periods. Ten-year net returns were 7.26% versus 6.56% for the benchmark.



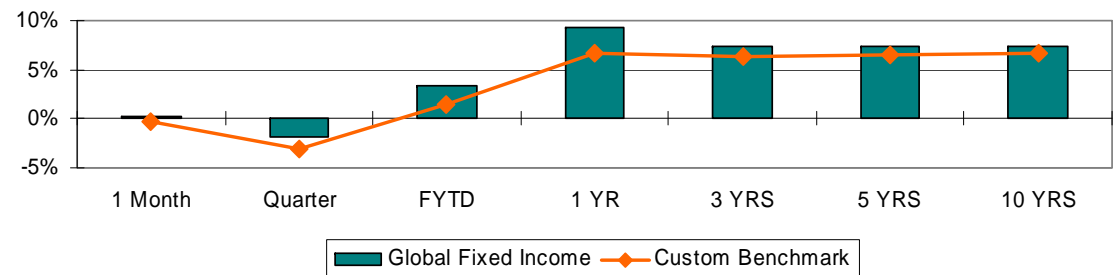
International Fixed Income:

Net International Fixed Income returns have met or exceeded the benchmark in all time periods. Ten-year net returns were 7.94% versus 7.50% for the benchmark.



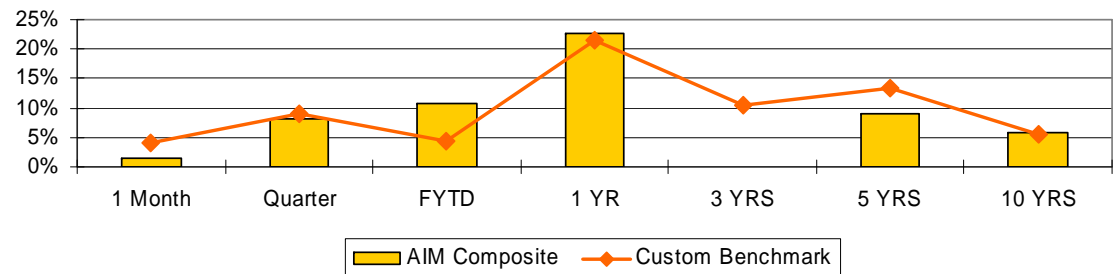
Global Fixed Income:

Net Global Fixed Income returns have outperformed the benchmark in all time periods. Ten-year net returns were 7.39% versus 6.70% for the benchmark.



AIM Composite:

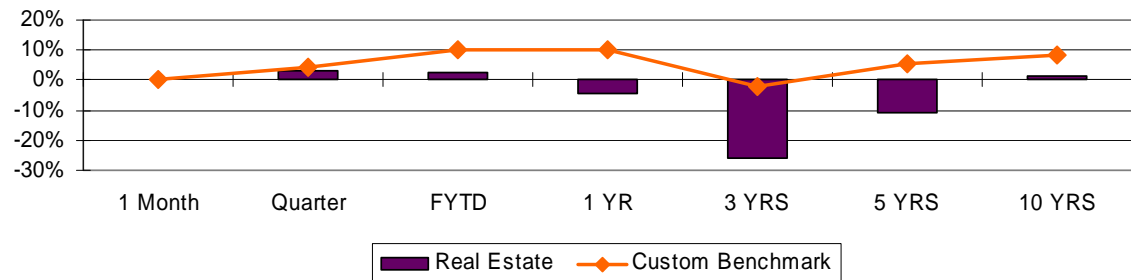
Net AIM Composite returns have underperformed the custom blended benchmark in all time periods except the fiscal-year-to-date, one-year and ten-year periods. Ten-year net returns were 5.88% versus 5.61% for the benchmark.



Performance Summary – January 31, 2011

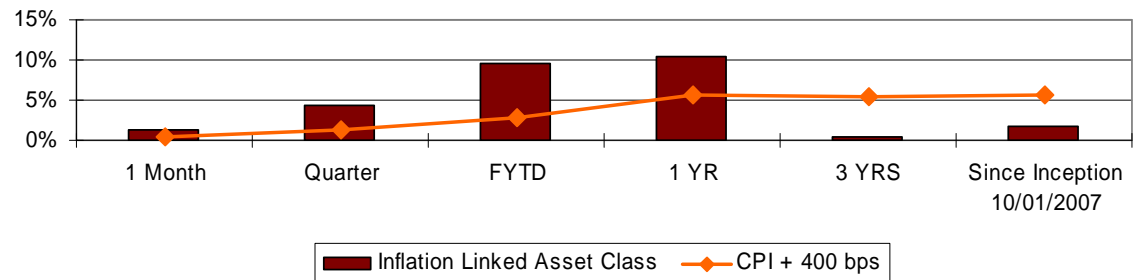
Real Estate:

Net Total Real Estate returns have underperformed the benchmark in all time periods. Ten-year net returns were 1.56% versus 8.14% for the benchmark.



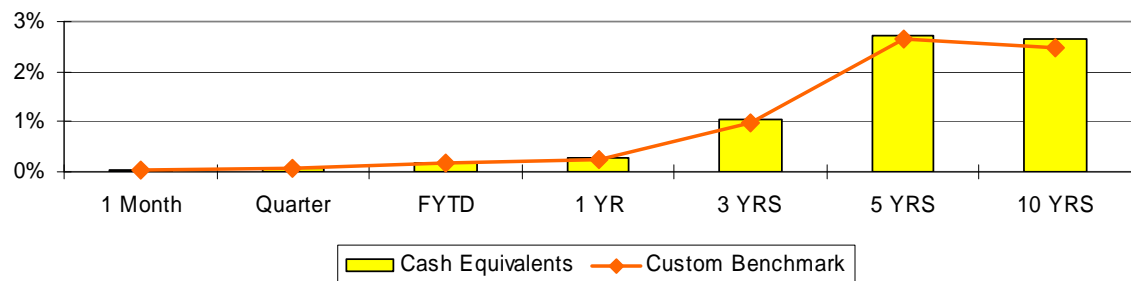
Inflation Linked Assets:

Net returns for the Inflation Linked Assets portfolio have outperformed the benchmark in all time periods except the three-year and since inception periods. Since inception net returns were 1.84% versus 5.65% for the benchmark.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have outperformed the benchmark in all time periods. Ten-year net returns were 2.65% versus 2.46% for the custom benchmark.

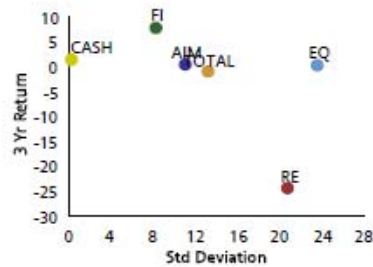


Plan Performance Summary

Gross of Manager Fees

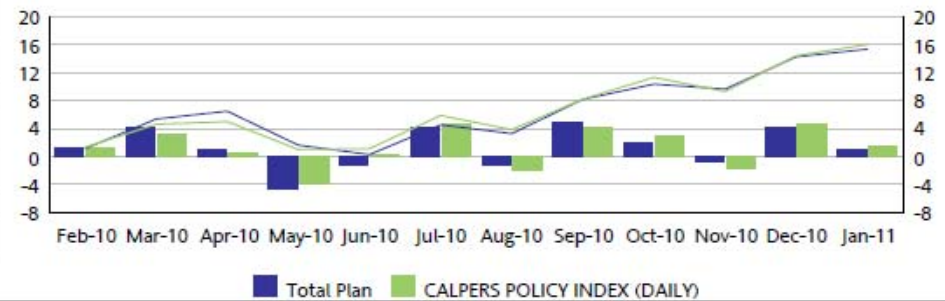


Risk Profile



	Information Ratio	Tracking Error
TOTAL FUND	-1.07	3.77
TOTAL GLOBAL EQUITY	-0.82	1.24
TOTAL GLOBAL FIXED INCOME	0.28	4.19
TOTAL AIM	-0.68	15.11
TOTAL REAL ESTATE	-1.33	17.18
TOTAL CASH EQUIVALENTS	1.77	0.04

Cumulative Performance vs Benchmark



Performance Summary

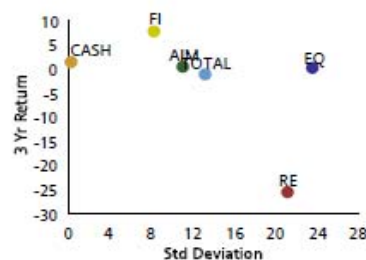
	% of Plan	MKT VAL \$(000's)	1 Month	Quarterly	YTD	1 Year	3 Year	5 Year	10 Year
TOTAL GLOBAL EQUITY	52.8%	120,268,181	1.39	6.86	26.02	21.10	-0.07	2.84	3.29
TOTAL GLOBAL EQ EX AIM BENCHMARK (DAILY)			1.46	6.80	26.02	20.71	0.95	3.60	3.48
TOTAL GLOBAL FIXED INCOME	20.5%	46,804,119	0.19	-1.86	3.30	9.32	7.43	7.40	7.41
CalPERS Total GBL Fixed Income Policy (DAILY)			-0.31	-3.12	1.53	6.74	6.26	6.50	6.70
TOTAL AIM	14.1%	32,218,730	1.37	8.05	10.63	22.81	0.10	8.94	5.89
WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU			4.10	8.97	4.48	21.60	10.33	13.25	5.61
TOTAL REAL ESTATE	7.3%	16,589,629	0.10	3.50	3.14	-3.25	-24.74	-8.70	4.06
90% NPI+200 BPS / 10% FTSE EP			0.28	4.27	10.36	10.08	-1.95	5.40	8.14
TOTAL INFLATION LINKED	3.0%	6,829,067	1.28	4.33	9.68	10.95	0.76		
CPI+400 BPS 1 MONTH LAGGED			0.50	1.33	2.78	5.55	5.49		
TOTAL CASH EQUIVALENTS	2.1%	4,721,608	0.02	0.07	0.19	0.28	1.06	2.72	2.65
PERS CUSTOM STIF NET OF FEES (DAILY)			0.02	0.06	0.17	0.24	0.99	2.65	2.46
OVERLAY + ASSET ALLOC TRANSITION	0.2%	480,943							
TOTAL FUND	100.0%	227,912,277	0.97	4.59	15.16	15.54	-1.29	2.88	4.39
CALPERS POLICY INDEX (DAILY)			1.37	4.21	14.74	16.01	2.75	5.11	5.06

Plan Performance Summary

Net of Manager Fees



Risk Profile



	Information Ratio	Tracking Error
TOTAL FUND	-1.11	3.81
TOTAL GLOBAL EQUITY	-0.87	1.25
TOTAL GLOBAL FIXED INCOME	0.28	4.19
TOTAL AIM	-0.68	15.11
TOTAL REAL ESTATE	-1.36	17.66
TOTAL CASH EQUIVALENTS	1.77	0.04

Cumulative Performance vs Benchmark



Performance Summary

	% of Plan	MKT VAL \$(000's)	1 Month	Quarterly	YTD	1 Year	3 Year	5 Year	10 Year
TOTAL GLOBAL EQUITY	52.8%	120,268,181	1.39	6.83	25.96	21.02	-0.13	2.77	3.24
TOTAL GLOBAL EQ EX AIM BENCHMARK (DAILY)			1.46	6.80	26.02	20.71	0.95	3.60	3.48
TOTAL GLOBAL FIXED INCOME	20.5%	46,804,119	0.19	-1.87	3.30	9.31	7.42	7.39	7.39
CalPERS Total GBL Fixed Income Policy (DAILY)			-0.31	-3.12	1.53	6.74	6.26	6.50	6.70
TOTAL AIM	14.1%	32,218,730	1.37	8.05	10.62	22.80	0.10	8.93	5.88
WILSHIRE 2500 + 300 BPS 1 QTR LAG / CYFU			4.10	8.97	4.48	21.60	10.33	13.25	5.61
TOTAL REAL ESTATE	7.3%	16,589,629	0.10	3.09	2.40	-4.57	-25.88	-10.69	1.56
90% NPI+200 BPS / 10% FTSE EP			0.28	4.27	10.36	10.08	-1.95	5.40	8.14
TOTAL INFLATION LINKED	3.0%	6,829,067	1.28	4.26	9.53	10.51	0.35		
CPI+400 BPS 1 MONTH LAGGED			0.50	1.33	2.78	5.55	5.49		
TOTAL CASH EQUIVALENTS	2.1%	4,721,608	0.02	0.07	0.19	0.28	1.06	2.72	2.65
PERS CUSTOM STIF NET OF FEES (DAILY)			0.02	0.06	0.17	0.24	0.99	2.65	2.46
OVERLAY + ASSET ALLOC TRANSITION	0.2%	480,943							
TOTAL FUND	100.0%	227,912,277	0.96	4.54	15.06	15.37	-1.47	2.66	4.17
CALPERS POLICY INDEX (DAILY)			1.37	4.21	14.74	16.01	2.75	5.11	5.06

Operations/Policy Violations/Activity Reports/Placement Agent Fees

Closed Session Transactions

- There were zero closed session transactions reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Investment Policy Violations

- According to policy requirements, the following is a summary of investment policy violations extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

Global Equity, AIM, Cash Equivalents, Supplemental Income Plans, Real Estate

Report Containing Violation	Violation Description
No items to report	

Fixed Income

Report Containing Violation	Violation Description
Securities Lending Earnings	<p>Seven Asset Backed Securities from three issuers and two Structured Investment Vehicles (SIV's) with credit quality policy violations carried over into the fourth quarter of the calendar year. These securities were purchased by external managers and downgraded by Fitch, Moody's and S&P in prior periods.</p> <p>During the fourth quarter of this calendar year, two Asset Backed Securities were removed from the Policy Violation list after paying off.</p> <p>Staff expects the remaining five Asset Backed Securities to pay down over the next 13 to 15 months. The SIV's are currently under review and Staff is working to maximize value and will continue to update the Board accordingly.</p>

Items Completed Under Delegated Authority

- According to policy requirements, the following is a summary of items completed under delegated authority extracted from the reports prepared for Investment Committee consideration. Full reports are available in the Supplemental Reporting Document.

Real Estate, Risk Managed Absolute Return Strategies, Corporate Governance, ILAC

Investment	Commitment
No items to report	

AIM

Investment	Commitment
Birch Hill Equity Partners IV, LP	\$150 million CAD

Operations/Policy Violations/Activity Reports/Placement Agent Fees

Activity Reports

- Staff prepares activity reports for the AIM, Real Estate, Risk Managed Absolute Return Strategies, Corporate Governance and Inflation Linked Asset Class Programs. Detailed reports and investment summaries for these programs are included in the supplemental reporting document.

AIM Activity Report

Activity	Month	2008	2009	2010	2011YTD	Since Inception
Investment Proposals Entered	27	349	295	333	41	8,246
Declined/Referred/Failed to Materialize	18	339	245	353	26	6,755
Deals in Screening	56	349	295	333	41	5,269
Due Diligence Reviews	6	31	12	12	12	818

Real Estate Investments Activity Report:

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception *
Investment Proposals Entered	6	N/A	138	23	136	6	303
Declined/Referred/Failed to Materialize	0	N/A	120	29	122	0	271
Deals in Screening	30	N/A	24	33	76	30	163
Due Diligence Reviews	0	N/A	3	0	0	0	3
* As of January 2, 2008							

Risk Managed Absolute Return Strategies Program Activity Report

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception
Investment Proposals Entered	8	90	118	66	20	8	928
Declined/Referred/Failed to Materialize	0	0	0	0	18	0	261
Deals in Screening	8	90	118	66	8	8	661
Due Diligence Reviews	8	90	118	66	8	8	661
Allocations Approved by RMARS Board	0	66	31	0	11	0	217
New ARD Funds Approved by RMARS Board	0	8	3	0	2	0	46
Funded Investments (\$ Millions)	\$0	\$2,499	\$1,089	\$0	\$510	\$0	\$7,399

Corporate Governance Activity Report

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception *
Investment Proposals Entered	0	N/A	7	1	1	0	9
Declined/Referred/Failed to Materialize	0	N/A	6	13	11	0	30
Deals in Screening	N/A	N/A	N/A	N/A	0	0	0
Due Diligence Reviews	0	N/A	13	14	12	0	39
* As of April 1, 2008							

Operations/Policy Violations/Activity Reports/Placement Agent Fees

Activity Reports (cont.)

Inflation Linked Asset Class Activity Report - Infrastructure

Activity	Month	2007	2008	2009	2010	2011YTD	Since Inception
Investment Proposals Entered	10	12	57	52	105	10	236
Declined/Referred/Failed to Materialize	4	N/A	11	58	113	4	186
Deals in Screening	50	12	57	52	105	10	236
Due Diligence Reviews	0	N/A	0	4	2	2	6

Inflation Linked Asset Class Activity Report - Forestland

Activity	Month	2007	2008	2009	2010	2011 YTD	Since Inception
Investment Proposals Entered	0	N/A	9	52	7	0	21
Declined/Referred/Failed to Materialize	0	N/A	7	58	6	0	19
Deals in Screening	0	N/A	9	52	4	0	21
Due Diligence Reviews	0	N/A	1	4	0	0	1

Disclosure of Placement Agent Fees

Asset Class	Firm Name	Fund	Placement Agent Firm	Estimated Placement Agent Compensation	Disclosure Type
AIM	Birch Hill Equity Partners Management Inc.	Birch Hill Equity Partners IV (US), LP Limited Partnership Agreement	Shannon Advisors	1,2	Closed/Funded
Global Equity	J.P. Morgan Investment Management Inc.	JPMIM US Equity Long/Short Portfolio	JPMorgan Asset Management	3	Amendment
Fixed Income	J.P. Morgan Investment Management Inc.	JPMIM High Yield Fixed Income Portfolio	JPMorgan Asset Management	3	Amendment

¹ – Update per the August 16, 2010 Disclosure of Placement Agent Fees Report; investment closed on January 28, 2011. The transaction does not benefit the placement agent.

² – At the time of the commitment, Birch Hill Equity partners Management Inc, was no longer using Shannon Advisors, LLC as a placement agent.

³ – Fund Manager updated disclosure information previously submitted. The amendment does not benefit the placement agent.

Quarterly Reports

According to policy requirements, the following is summary information extracted from the quarterly reports prepared for Investment Committee consideration. Executive Summaries and full reports are available in the Supplemental Reporting Document.

Securities Lending Earnings Report:

Earnings for the quarter ended December 31, 2010, are presented to the Investment Committee for information.

	Average Lendable Assets (\$000)	Average % on Loan	Earnings (Annualized)	Income to CalPERS (\$000)
Asset Class Earnings				
Global Equities	\$94,696,929	10%	7 bp	\$17,686
Global Fixed Income	\$34,155,142	17%	3 bp	\$2,295
Total Program Earnings	\$128,852,071			\$19,981
Unrealized gain on internal collateral reinvestment				\$34,548 *
Total Program Earnings including unrealized gain				\$54,529

*Unrealized gains resulted from CalPERS use of mark-to-market accounting on the valuation of the internal cash pool, which is not market convention on collateral reinvestment pools.

Policy Violations:

Our external cash collateral pool did not experience any policy violations during the fourth quarter of the calendar year.

Carry Over Violations:

Seven Asset Backed Securities from three issuers and two Structured Investment Vehicles (SIV's) with credit quality policy violations carried over into the fourth quarter of the calendar year. These securities were purchased by external managers and downgraded by Fitch, Moody's and S&P in prior periods.

During the fourth quarter of this calendar year, two Asset Backed Securities were removed from the Policy Violation list after paying off.

Staff expects the remaining five Asset Backed Securities to pay down over the next 13 to 15 months. The SIV's are currently under review and Staff is working to maximize value and will continue to update the Board accordingly.

Quarterly Reports

Member Home Loan Program Update Report:

The Committee approved Member Home Loan Program (MHLP) loss mitigation strategies allowing for non-conforming (whole) loan modifications, which minimize losses to the Fund. Whole loan delinquencies constitute a risk exposure to the Public Employees' Retirement Fund. As of December 31, 2010 there was \$73,206,424 in total unpaid balances with 216 delinquent loans. The chart below illustrates MHLP whole loan delinquencies.

Stage	# of Loans	% Delinquent		UPB \$	% Delinquent
30 Days	56	5.34%		\$18,038,897	5.31%
60 Days	21	2.00%		\$7,207,103	2.12%
90 Days	67	6.39%		\$23,476,425	6.92%
Bankruptcy	11	1.05%		\$2,646,176	0.78%
Foreclosure	43	4.10%		\$15,517,143	4.57%
REO	18	1.72%		\$6,320,680	1.86%
Total Delinquent	216	20.61%		\$73,206,424	21.56%
Totals	1048			\$339,491,561	

Since the approval of the Whole Loan Modification Program by the Investment Committee on April 19, 2010, the CalPERS Member Home Loan Program has begun to process whole loan modifications. As of December 31, 2010, the MHLP has issued modification packages for 59 CalPERS owned whole loans representing a total unpaid balance of \$20,078,396. Of 59 loss mitigation packages issued, 20 are in review, 13 have been denied and 11 have been approved. Fifteen modification packages received no response, which included 2 bankruptcies.

Loss Mitigation Initiatives and Results

Modifications		
Approved 7	Denied 7	In Review 19
Short Sales		
Approved 3	Denied 5	In Review 1
Repayment Plans		
Approved 1	Denied 1	In Review
No Response*		
15		

*No Response includes two bankruptcies

Investment Transactions

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases (Page 19)
- Sales (Page 20)
- Currency Hedge Portfolio Summary (Page 21)
- Currency Hedge Portfolio Transactions (Page 21)

Investment Transaction Information: (full reporting is available in the supplemental reporting document)

- Domestic Fixed Income Transactions
- International Fixed Income Transactions
- Domestic Equity Transactions
- International Equity Transactions
- Real Estate Investment Trust (REIT) Transactions
- AIM Program Transactions
 - Summary Listing of Capital Calls and Aggregate Distributions
- AIM Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - Birch Hill Equity Partners IV, L.P., \$150 million CAD commitment
- Real Estate Equity Transactions
 - Summary Listing of Investments and Redemptions
- Real Estate Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No Items to Report
- Risk Managed Absolute Return Strategies Program Transactions
 - Summary Listing of Investments and Redemptions
 - No Items to Report
- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Dispositions Summaries
 - No items to report
 - Acquisitions Summaries
 - No items to report
- Inflation Linked Assets Transactions
 - Summary Listing of Investments and Redemptions
- Inflation Linked Assets Items Completed Under Delegation of Authority
 - Investment Summaries
 - No Items to Report

Investment Transactions

Investment Transaction Information (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- Corporate Governance Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No items to report
- Manager Development Program – Private Markets Transactions
 - Summary Listing of Investments and Redemptions
 - No items to report
- Internally Managed Derivative Transactions Summary
 - Investment Summaries
 - Futures purchases: \$738.1 million notional
 - Futures sales: \$677.9 million notional
 - Swaps: \$0.0 million notional

Portfolio Transactions Summary

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

January 2011

PURCHASES

	<u>COST</u>	<u>%OF PURCHASES</u>
<u>EQUITIES:</u>		
Domestic	\$1,230.3	8.93%
International	<u>\$848.8</u>	<u>6.16%</u>
Total	\$2,079.1	15.10%
<u>FIXED INCOME:</u>		
Domestic	\$7,850.8	57.01%
International	<u>\$2,965.0</u>	<u>21.53%</u>
Total	\$10,815.8	78.53%
<u>ALTERNATIVE INVESTMENTS:</u>		
Partnership Component	\$467.1	3.39%
<u>REAL ESTATE:</u>		
Real Estate Equity	\$315.1	2.29%
<u>INFLATION LINKED ASSETS:</u>		
Inflation Linked	\$95.1	0.69%
TOTAL PURCHASES:	<u><u>\$13,772.1</u></u>	<u><u>100%</u></u>

Portfolio Transactions Summary

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

January 2011

SALES

	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ (LOSS)</u>
<u>EQUITIES:</u>			
Domestic	\$1,079.5	\$1,226.1	\$146.6
International	<u>\$619.6</u>	<u>\$745.6</u>	<u>\$126.0</u>
Total	\$1,699.1	\$1,971.7	272.6
<u>FIXED INCOME:</u>			
Domestic	\$7,721.1	\$7,807.0	\$85.9
International	<u>\$962.5</u>	<u>\$1,005.4</u>	<u>\$42.9</u>
Total	\$8,683.6	\$8,812.4	\$128.8
<u>ALTERNATIVE INVESTMENTS:</u>			
Partnership Component	\$486.1	\$486.1	\$0.0
<u>REAL ESTATE:</u>			
Real Estate Equity	\$54.4	\$54.5	\$0.1
<u>INFLATION LINKED ASSETS:</u>			
Inflation Linked	\$82.3	\$83.6	\$1.3
TOTAL SALES:	<u><u>\$11,005.5</u></u>	<u><u>\$11,408.3</u></u>	<u><u>\$402.8</u></u>

Portfolio Transactions Summary

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

January 2011

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$5,724.3	\$11,541.7
Total FX Sold	\$13,576.6	\$13,792.7

CURRENCY OPTIONS

Currency Puts	(\$66.8)	(\$66.8)
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

January 2011

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$13,544.1

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$13,653.6

Affiliate Funds Reports

State Street Bank has compiled the following Affiliate Funds Performance Reports for the periods ending January 31 2011. [\(full reporting is available in the supplemental reporting document\)](#)

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Period Ending: Jan 31, 2011

Plan Performance Summary Gross of Manager Fees



Affiliate Funds - Plan Comparison

	MKT VAL \$(000's)	1 Month	Quarterly	YTD	CYTD	1 Year	3 Year	5 Year	10 Year
CALPERS CERBT FUND <i>CERBT POLICY INDEX</i>	1,621,196	1.87 1.75	5.25 4.94	20.84 20.68	1.87 1.75	18.61 18.49	1.68 1.69		
CALPERS HEALTH CARE BOND FUND <i>BC AGGREGATE (DAILY)</i>	442,836	0.38 0.12	-0.80 -1.53	2.33 1.27	0.38 0.12	5.84 5.06	5.34 5.36	5.82	5.68
COMP-JUDGES RETIREMENT FUND <i>91 DAY TREASURY BILL (DAILY)</i>	53,809	0.02 0.01	0.06 0.03	0.17 0.08	0.02 0.01	0.25 0.13	1.00 0.63	2.65 2.36	2.47 2.32
JRS II TOTAL PLAN <i>CAL JRS II POLICY INDEX</i>	518,429	1.52 1.32	3.99 3.60	17.55 17.21	1.52 1.32	17.21 16.88	2.30 2.38	4.12 4.19	4.26 4.68
LRS TOTAL PLAN <i>CAL LRS POLICY INDEX (DAILY)</i>	122,083	1.10 0.83	2.21 1.51	11.70 10.96	1.10 0.83	13.53 12.70	4.35 3.86	5.39 5.07	5.03 5.48
LTC TOTAL PLAN <i>CAL LONG TERM CARE POLICY INDEX (DAILY)</i>	3,107,813	1.56 1.37	3.66 3.18	16.12 15.58	1.56 1.37	16.16 15.58	3.52 3.41	4.93 4.81	4.42 4.77
COMP-CONTINGENCY RESERVE FUND <i>91 DAY TREASURY BILL (DAILY)</i>	6,104	0.02 0.01	0.06 0.03	0.17 0.08	0.02 0.01	0.24 0.13	0.99 0.63	2.65 2.36	2.48 2.32

Affiliate Funds Reports

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Period Ending: Jan 31, 2011

Plan Performance Summary *Net of Manager Fees*



Affiliate Funds - Plan Comparison

	MKT VAL \$(000's)	1 Month	Quarterly	YTD	CYTD	1 Year	3 Year	5 Year	10 Year
CALPERS CERBT FUND <i>CERBT POLICY INDEX</i>	1,621,196	1.87 1.75	5.25 4.94	20.84 20.68	1.87 1.75	18.61 18.49	1.68 1.69		
CALPERS HEALTH CARE BOND FUND <i>BC AGGREGATE (DAILY)</i>	442,836	0.38 0.12	-0.80 -1.53	2.33 1.27	0.38 0.12	5.84 5.06	5.34 5.36	5.82	5.68
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